

# EXCERPTS FROM SENATE DEBATE ON MOVE TO FIX STANDARD MARKET PRICE FOR SUGAR

Herewith are reproduced excerpts from the debate held in the senate on July 12 in connection with the proposal of Herbert C. Hoover to fix a standard market price for sugar along with other food products. From these excerpts may be gleaned an idea of how the big men in the senate look upon the proposal of the sugar prices, including Cuba's product.

MR. LODGE. Mr. President, when I spoke a day or two ago upon this bill, I made some allusion to the current and widely diffused reports in regard to the intent of the gentleman who were to be invested by this bill with power in regard to making price for sugar. I said that I had heard that they were endeavoring to make a price to the domestic producer which would leave him little or no profit, because he had already made his profit on the sugar. I am not sure that I am not mistaken. I have heard it said, on what I thought good authority, that it was the intention of the controllers of food to compel Cuba to make a very low price, and to compel her to do so by withholding foodstuffs from the island. I thought, apart from the economic objections, that to treat, with an absolute disregard of treaties, a country which is our ally, and which is under our protection, and which has followed us into the war, would be a very great mistake. I received this morning a letter from Mr. Hoover telling me that the reports to which I have referred—the rumors, if you choose to call them—were wholly unfounded as far as he was concerned. I am extremely glad to hear it. I wanted to make this statement, because he was kind enough to write me a letter saying that they had no foundation, and I am very glad to know from so high an authority, who is to be charged, certainly in large measure, with fixing the food price in this country, that he did not intend to compel Cuba to make an unduly low price on her sugar.

MR. CHAMBERLAIN. Mr. President, may I suggest to the senator that I believe, too, that he was corroborated in the statement by the representative of the beet-sugar interests.

MR. LODGE. Oh, yes. Mr. Hoover sent me a letter from the representative of the organization, Mr. Peterkin, saying that they were satisfied with the arrangement which had been made with them. Precisely what that arrangement was I do not know, but if they are satisfied it shows that Cuba has received proper treatment, because it would be impossible to fix the domestic price without regard to the Cuban price.

MR. REED. It might be suggested that if what is commonly known as the sugar trust is satisfied with the price agreed upon, the consumer may not be so well pleased. So far as I am concerned, I should like to know what that agreement in regard to price was.

MR. LODGE. Mr. President, the gentleman whose letter Mr. Hoover enclosed did not represent in any respect what is known as the "sugar trust." He did not represent the beet-sugar interests. He represented the beet-sugar interest in this country.

MR. HARDWICK. In which the sugar trust has a considerable interest.

MR. LODGE. It may possibly have a dispassionate interest in it.

MR. HARDWICK. Dispassionate? It has a financial interest.

MR. LODGE. At all events, Mr. Peterkin, who is the head, said that he was satisfied with it. What prices have been made for the country by the beet-sugar people and Mr. Hoover, of course I do not know. That was not stated to me.

MR. REED. Mr. President, may I ask the senator from Massachusetts if he does not think that the public have such an interest in this matter that they have really a right to know what agreement has been made in regard to one of the prime necessities of life?

MR. LODGE. I think it will be disclosed in time. Of course, the price fixing was done, I assume, by the beet-sugar people, so much on the raw sugar in Cuba, so much on freights, so much for refining, so much for sales, and as good a differential as the beet-sugar people could get for their additional cost of transportation.

MR. HARDWICK. Mr. President, if the senator will yield, will he please tell me how, even if we pass this bill, Mr. Hoover could possibly do that?

MR. LODGE. I do not know how he could do it. Apparently he has done it without the bill.

MR. HARDWICK. He could not do it with the bill, to save his soul, in my judgment; and I know something about beet sugar.

MR. LODGE. I only know what was said to me. He said that the rumors I had referred to in regard to the fixing of prices in Cuba were unfounded, and he enclosed a letter from the representative of the beet-sugar interests in which he spoke of the entirely satisfactory character of the arrangements made with Mr. Hoover.

MR. HARDWICK. In other words, he has consulted them about it?

MR. LODGE. He consulted them; certainly. They are the chief domestic producers. I do not know whether he consulted the Louisiana people or not or whether he consulted the Hawaiian or the Porto Ricans. The person who expressed satisfaction was the representative of the beet-sugar interests; and, as I say, it must be by fixing the price on Cuban sugar, because the imported sugar, duty paid, fixes the price.

MR. WATSON. Mr. President—

MR. LODGE. They must have made some agreement that Cuban sugar, duty paid, and with all the additions that I have mentioned, should not go above a certain price, and that was satisfactory to the representative of the beet-sugar interests.

MR. HARDWICK. Mr. President, I did not intend to say anything about this matter, but it happens that sugar is one of the few things connected with the tariff that I do know something about. It is utterly impossible for Mr. Hoover, even if we pass this bill, to regulate the price that we will pay for Cuban raws, unless Cuba undertakes to regulate by law in her own country what price they shall bring there; but that is neither here

nor there. It looks to me like a marvelous proposition that this gentleman, who holds no office, who has no official position in this republic, to presume and assume to go around and make agreements with different interests about what he is going to do after we pass a law.

MR. JONES of Washington. Mr. President—

MR. LODGE. Mr. President, if the senator will allow me to interrupt him, I do not want to be misunderstood. Mr. Hoover sent me this letter, and he also sent a copy of it to the senator from Oregon (Mr. Chamberlain) in charge of the bill, who thought it would be well that I should make a statement saying that those reports to which I have referred were unfounded.

MR. HARDWICK. I am not criticizing the senator from Massachusetts.

MR. LODGE. And I am very glad to do it, because I do not wish to do injustice to anybody.

MR. HARDWICK. The senator understands that I am not criticizing him. I was simply wondering by what power, by what right, by what authority, Mr. Hoover assumed to be making arrangements, in advance, about prices, when he has no authority of law to do it.

MR. JONES of Washington. Mr. President—

THE PRESIDING OFFICER. Does the senator from Georgia yield to the senator from Washington?

MR. HARDWICK. I yield to the senator.

MR. JONES of Washington. I got the impression from what the senator from Massachusetts said that Mr. Hoover has already fixed the price of sugar.

MR. HARDWICK. It seems so; so what does it matter whether we enact any law or not? Of course, I do not think there is much necessity to do it; it seems that authority is to be assumed and exercised, anyhow.

MR. WATSON. Mr. President—

THE PRESIDING OFFICER. Does the senator from Georgia yield to the senator from Indiana?

MR. HARDWICK. I yield to the senator.

MR. WATSON. It seems to me that it might throw some light on the proposition under discussion if we had a copy of the letter.

MR. LODGE. It is in my office.

MR. WATSON. I gathered from the language of the senator from Massachusetts that Mr. Hoover had denied making any attempt to fix prices in Cuba, stated finally that they had been fixed to the satisfaction of the sugar interests.

MR. LODGE. Not the Cuban sugar; to the satisfaction of the representative of the beet-sugar interests in this country; and I said they must take Cuban sugar to fix the price, because the duty-paid imported sugar necessarily fixes the price.

MR. HARDWICK. I wonder if anybody has consulted the consumer? Does the letter say that anybody has consulted the consumers of sugar?

MR. LODGE. That is not mentioned in the letter.

MR. HARDWICK. Would the senator mind reading the letter in my time? I will yield to him for that purpose.

MR. SMITH of Michigan. Let us have the letter read.

MR. LODGE. I will read the letter. Mr. Hoover sent copies to the senator from Oregon (Mr. Chamberlain), and it is quicker to read that than to send to my office for the original:

"July 11, 1917.

"Hon. Henry C. Lodge,

"United States Senate,

"Washington, D. C.

"Dear Senator: My attention has been called to your statement in the senate, as shown in the second column, page 5362 of the Congressional Record, as to the propositions which you quote having been made in fixing the price of sugar."

"Those are the propositions I have explained."

"I am, of course, unaware from whom you received these statements, and I can not believe they refer to the situation as interpreted by anyone associated with me. In this connection the enclosed letter from the chairman of the beet sugar producers' committee should, I think, entirely clear up your mind."

"The statement made by you is causing some anxiety."

"To whom? To these sugar people, the sugar producers, I reckon, and he evidently has some understanding with them. I am just a little suspicious of the authority that starts out with having an understanding secretly, until it comes to light in this way, with producing interests rather than taking the consuming public into their confidence at one and the same time."

"Now, what is the letter?"

"Washington, D. C., July 11, 1917.

"Mr. Herbert Hoover,

"Washington, D. C.

"Dear Sir: I was surprised—"

"Which is from the real beet-sugar interests? I know this man or what his connection is and what his affiliations are. He is frankly the representative of the beet-sugar producing companies of this country and writes in their interest, of course—"

"I was surprised to read the statement of Senator Lodge in the senate yesterday apparently referring to your attitude toward the beet-sugar producers and the Cuban producers. The whole discussion with you by our representatives of the beet-sugar industry has been in the direction of stimulating production—"

"Here is what this man said. He has said nothing about the consumer; yet—"

"Not the consumer—"

"and stabilizing the price in cooperation with the industry so as to eliminate the speculator and to prevent practices which lead to extortion of the consumer."

"That is all they propose. First, they want to stimulate production—"

"but it is stimulated now to a point the world has never seen equaled in its history—and to stabilize production, to stimulate production, protecting the producer. The only thing proposed to do for the poor consumer is to see that too many middlemen do not rob him too atrociously. If we are to have any such food control as that, in the interest of the masses of the citizens who are suffering and who want lower prices, God help us all!"

MR. SMOOT. Mr. President, I would not take the time of the senate now to refer to the sugar question but for one reason. I should like to have the people of the United States know that there is no scarcity of sugar. The crop of sugar this year is phenomenal, not only in Cuba, Porto Rico, the Sandwich Islands, the cane sugar in the Southern states, and the beet sugar of this country.

MR. LODGE. Mr. President, I think I ought to say a word about this.

MR. HARDWICK. I yield to the senator.

MR. LODGE. I understand it is simply that the sugar producers agreed that the price should not go further than a certain point, whatever that point it is. There is nothing to prevent its going lower.

MR. HARDWICK. What is the statement of the senator?

MR. LODGE. I say, as I understand it, the agreement simply is by the producers that the price of sugar shall not go up above a certain point.

MR. HARDWICK. I did not understand it that way. Has the senator the language of the proposition?

MR. LODGE. That is what I understand, that the agreement among the producers is that they will not allow sugar to go above a certain point; but if the operation of the economical laws of supply and demand carry it lower, there is no agreement that it shall not go lower.

MR. HARDWICK. I should like very much to be informed upon that point. Has the senator the language upon which he bases that statement?

MR. LODGE. No, I am simply stating the fact in my own language; that is all.

MR. HARDWICK. Where does the senator get that information?

MR. LODGE. That is merely my understanding of their agreement.

MR. HARDWICK. An agreement made by whom?

MR. LODGE. That is what I understand to be the agreement. It may be contradicted tomorrow, but that is my understanding of the agreement.

MR. HARDWICK. I wish to see the letters, if I may.

MR. LODGE. I gave it to the official reporter.

MR. HARDWICK. Until I have them I can not tell what sort of an agreement they made. These agreements, of course, are made by people who have no authority to make them whatever, and they do not take the public into their confidence. This is the first time I have heard of it. I suppose it will be very gratifying, indeed, if it is discovered that the agreement with these sugar producers is that it is to reduce these abnormally high prices of sugar. I will be very much gratified if that is true. I say that unhesitatingly. But if this letter means what I think it does, it is no indication that that was the character of their agreement at all. Mr. Herbert Hoover, who has very fine stationery, does not say what of force he holds or what duties he discharges, just "Herbert Hoover, Washington." Royal purple is the color, and he addresses this letter to the distinguished senator.

MR. LODGE. If the senator will allow me, I do not want to be misunderstood. I do not disprove at all of having the sugar industries understand that they are not to be forced down to an unreasonable price. I think it is very proper, because I am a member of the committee on taxation, and I want to get excess profits out of them.

MR. HARDWICK. I think the senator has always taken that side of the question. I am not surprised at it. I do not approve of any such policy as that, and never have, and never will.

"Hon. Henry C. Lodge,

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"Dear Senator: My attention has been called to your statement in the senate as shown in the second column page 5362, of the Congressional Record, as to the propositions which you quote as having been made in fixing the price of sugar."

"I am, of course, unaware from whom you received these statements,

and I can not believe they refer to the situation as interpreted by anyone associated with me."

"Who are his associates? What does he represent? Who are his associates, anyhow?"

"In this connection the enclosed letter from the chairman of the beet sugar producers' committee should, I think, entirely clear up your mind."

"The statement made by you is causing some anxiety."

"To whom? To these sugar people, the sugar producers, I reckon, and he evidently has some understanding with them. I am just a little suspicious of the authority that starts out with having an understanding secretly, until it comes to light in this way, with producing interests rather than taking the consuming public into their confidence at one and the same time."

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the United States. Yet this increased retail price of sugar in the district lasted nearly three weeks. I am sure that if I ask the senator if he knows what was the wholesale price of sugar in New York at that time?

MR. SMOOT. The wholesale price of sugar at that time was \$7.75.

MR. GRONNA. May I ask the senator another question? What is the price of sugar today in New York?

MR. SMOOT. The last quotation I saw was \$7.50. I have not seen a quotation for the last few days.

MR. GRONNA. In view of the statement the senator from Utah has made—and I know that no man is better qualified or knows the situation better than the senator from Utah is to the amount produced—does the senator think it would be wise to fix the price of sugar now?

MR. SMOOT. I do not understand that the price of sugar has been fixed. Even in the letter it does not say that any price of sugar has been fixed. It says they came to an understanding as to the stability of the price of sugar in the future. I want to say to the senator that the sugar producers of this country would very much prefer to have a stable market, they would very much prefer to know that there would be a regular market for sugar, than to have a market one day and down the next, and speculating upon the curb for the sugar that they produced.

MR. KENDRICK. Mr. President—

MR. SMOOT. I yield to the senator from Wyoming.

MR. KENDRICK. I should like to say to the senator from Utah, in corroboration of his statement, that the gentleman to whom I was talking yesterday and to whom I referred made the statement that when this advance occurred in New York his company gave public notice that they would continue to sell sugar at the same price they were selling it without regard to any advances in New York or in the East.

MR. SMOOT. I know the statement the senator has just made is correct. I know there were millions of dollars taken out of the pockets of the consumers of this country by the retail combination that made the people believe there was a shortage of sugar in the world and they could in the future buy only a limited amount.

MR. President, in relation to the price of sugar in England and France, three weeks ago the quotation for sugar in England was \$6.50, and at the same time it was \$7.50 in New York, or \$1 more in New York than it was in England. That comes about by the \$1 tariff that is imposed upon the sugar that we import from Cuba and that is not imposed upon sugar that goes to England. The price was the same barring the fact that we place a tariff tax upon the sugar that was sold in this country.

MR. President, it is the same today. If sugar is \$7.40 in the United States, it will be quoted at \$6.40 in London. I am speaking about Cuban sugar. I noticed that the other day, after the finance committee had agreed that the drawback provision for sugar should be repealed, England immediately placed large orders for Java sugar. I do not know whether that will have any particular effect upon the price of Cuban sugar or not. It certainly will not if there is no more sugar than will be wanted by all the

countries of the world, but if there is a surplus of sugar in the world, of course it would affect the price of sugar in Cuba.

Now, I am not going to discuss the drawback provision at this time, because that will be discussed when the revenue bill is before the senate. But what I want the American people to understand is, that there is no reason whatever for them to become excited over the question of sugar, for there is plenty of sugar for every man, woman and child in the United States. What the producers of sugar in the United States want is a steady market; and I think, Mr. President, that when that is understood, there will be a steadier market than there has been in the past.

## FORMOSA SUGAR RIVALRY HURTS CHINESE TRADE

Hongkong's refining industry is reported by Consul George E. Anderson to be severely affected by the record-breaking Formosa sugar crop of 1916, which is placed at approximately 440,000 tons, the largest in the history of the island, says Facts About Sugar.

Invading Chinese Field

As a result of this heavy production the Japanese refiners and exporters have a large surplus in their hands over Japan's needs for home consumption, and with the advantage of cheap freights and short hauls are shutting Hongkong sugar out of the central and northern provinces of China, which have for years been Hongkong's particular field.

So far this season the Hongkong refineries have imported only about 60,000 tons of raw sugar, of which about one-half has come from Java and the remainder from Formosa and the Philippines. In about equal amounts. Total imports by Chinese dealers have been below normal, notwithstanding which their imports from Formosa have been larger than ever before.

Effect on Philippines

As a consequence of this situation the outlook for the marketing of the large Philippine sugar crop is not regarded as promising as it was some time ago. Favorable transportation conditions give Formosa and Japanese sugars an advantage over Philippine sugar in the Chinese trade, while the same factor works against it and in favor of Java so far as the United States market is concerned.

Plans to provide a fund for aged and incapacitated members were discussed at the annual convention of the American Flint Glass Workers' Union at New Bedford.

### AN IMPROVED QUININE DOES NOT AFFECT THE HEAD

Because of its tonic and laxative effect, LAXATIVE BROMO QUININE will be found better than ordinary Quinine. Does not cause nervousness, nor ringing in the head. Remember, there is only one "Bromo Quinine." The trademark of W. W. Brown is on each box.

## Henry Waterhouse Trust Co., Ltd.

STATEMENT OF CONDITION, JUNE 30, 1917.			
ASSETS		LIABILITIES	
Cash on hand and in bank	\$ 232,961.19	Capital	200,000.00
Bonds	9,943.75	Surplus and undivided profits	133,002.03
Real estate	91,564.41	Trust and agency accounts	1,122,474.18
Stocks and other investments	104,483.81	Dividends unpaid	1,100.00
Mortgages secured by real estate	182,502.32		
Loans, demand and time	830,120.73		
Furniture and fixtures	5,000.00		
Total	\$1,456,576.21	Total	\$1,456,576.21
Territory of Hawaii, ) 			

## Hawaiian Trust Company, Ltd.

Statement of Resources and Liabilities at Date June 30th, 1917.

ASSETS.		LIABILITIES.	
Cash		Clients Credit Balances...	\$311,071.08
On Hand .. \$	1,663.41	Employees' Benefit Fund...	12,353.00
In Banks ..	161,437.89    \$163,101.30	All Other Liabilities .....	1,179.50
Secured Loans and Clients		Surplus of Assets Over Li-	
Debit Balances .....	366,320.24	abilities.	
Bonds .....	136,448.66	Capital Stock...	\$200,000.00
Stocks in other Corpora-		Surplus .....	200,000.00
tions .....	99,574.57	Undivided Profits .....	83,785.57
Real Estate, Furniture and			
Fixtures .....	25,731.02		
Employees' Benefit Fund			
Investment Account .....	12,853.00		
All Other Assets .....	4,860.36		
	\$808,859.15		483,755.57
			\$808,859.15

Territory of Hawaii, )  
) ss  
City and County of Honolulu. )

I, H. H. WALKER, Assistant Treasurer of the HAWAIIAN TRUST COMPANY, LIMITED, do solemnly swear that the above statement is true to the best of my knowledge and belief.

(Signed) H. H. WALKER.

Subscribed and sworn before me this  
7th day of July, A. D. 1917.

(Signed) J. E. O'CONNOR.

Notary Public, First Judicial Circuit,  
Territory of Hawaii.